

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6680**

**BILL NUMBER:** HB 1072

**NOTE PREPARED:** Dec 24, 2008

**BILL AMENDED:**

**SUBJECT:** Review of ISTEP Program.

**FIRST AUTHOR:** Rep. Cheatham

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** The bill requires the Department of Education (DOE), or an entity with which the DOE contracts, to conduct: (1) a review of the ISTEP program; and (2) a study of whether a cost-effective testing program can be developed within Indiana that satisfies federal requirements.

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:** *Summary-* The impact of this provision on state expenditures would depend on whether the DOE conducted the study in-house or contracted with an outside vendor. The impact would then depend on the agreed price to contract the study. The bill does not make an appropriation. In lieu of an additional appropriation, the DOE would have to cover the cost of the study within their existing level of resources.

**Background-** DOE- The DOE was appropriated \$5.6 M for FY 2009 for administrative functions. The DOE had administrative reversions of \$114,153 at the close of FY 2008.

ISTEP- The DOE reports that 676,154 students took ISTEP during the 2007-2008 school year. The average cost per student to take the ISTEP was approximately \$68. Cost figures include both test costs and costs to remediate students not passing ISTEP. The FY 2008 state appropriation for ISTEP testing and remediation follows in Table A.

<b>Table A. Appropriations and Students Taking ISTEP 2007-2008.</b>	
<b>FY 2008 Appropriation Description</b>	<b>FY 2008 Appropriation</b>
Graduation Exam Remediation	\$4,958,910
Testing and Remediation	\$41,000,000
<b>TOTAL</b>	<b>\$45,958,910</b>
<b>Students Taking ISTEP (2007-2008 School Year)</b>	<b>676,154</b>
<b>Average Cost Per Student</b>	<b>\$67.97</b>

Recent Reversion History- Traditionally, the DOE expends nearly all of its appropriation for ISTEP testing and remediation. The following table illustrates a recent reversion history.

<b>Table B. ISTEP General Fund Reversion History.</b>			
<b>Fiscal Year</b>	<b>Testing and Remediation</b>	<b>Graduate Exam Remediation</b>	<b>General Fund Appropriation</b>
FY 2008	\$16,548	\$211	\$45,958,910
FY 2007	\$5,060	\$41	\$36,369,360*
FY 2006	\$6,063	\$1,648	\$36,369,360*
<b>TOTAL Three Years</b>	<b>\$27,671</b>	<b>\$1,900</b>	
*Note- General Fund appropriation was supplemented by federal NCLB Assessment appropriation of \$8.9 M in FY 2006 and \$8.9 M in FY 2007. Combined with the General Fund appropriation, the total appropriation was \$45.4 M in FY 2006 and \$45.4 M in FY 2007.			

The following table illustrates a historical series on the cost per student to take ISTEP.

<b>Table C. Appropriation Dollars Per Student to Take ISTEP.</b>			
<b>Year</b>	<b>Total Appropriation (Gen, Ded, &amp; Fed.)</b>	<b>Number of Students Taking ISTEP</b>	<b>Per Student Cost</b>
FY 2008	\$45,958,910	676,154	\$67.97
FY 2007	\$45,368,114	677,319	\$66.98
FY 2006	\$45,368,114	675,165	\$67.20
FY 2005	\$52,469,360	672,627	\$78.01

The average cost per student to take the ISTEP was approximately \$67.38 over the years FY 2006 through FY 2008.

\*Note- FY 2005 was the first year that federal No Child Left Behind (NCLB) increased testing to grades three through ten. Prior to FY 2005, the grades tested were 3<sup>rd</sup>, 6<sup>th</sup>, 8<sup>th</sup>, and 10<sup>th</sup>.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** DOE.

**Local Agencies Affected:**

**Information Sources:** State appropriation records, FY 2005 through FY 2008, DOE data.

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